

REINVESTING IN AMERICA'S TRANSPORTATION SYSTEM

IMPROVE SAFETY • RELIEVE CONGESTION • PROTECT THE ENVIRONMENT • CREATE JOBS • STRENGTHEN OUR ECONOMY

American Public Works Association

Position on the Reauthorization of Federal Surface Transportation Programs

reinvestintransportation.apwa.net

Executive Summary

BACKGROUND

Local governments own about 75 percent of the nearly four million-mile roadway network and nearly 51 percent of the nation's bridges (nearly 300,000 bridges under local control) and manage about 90 percent of the transit systems. The American Public Works Association (APWA) is an organization dedicated to providing public works infrastructure and services to millions of people in rural and urban communities, both small and large. Working in the public interest, our members design, build, operate and maintain our vast transportation network, as well as other key infrastructure assets essential to our nation's economy and way of life. Our Association has taken a close look at the upcoming transportation revenue and investment challenges and offers the following goals, recommendations and investment priorities for the nation's decision makers.

GOALS

The more than 29,000 members of APWA have two overriding goals regarding the financing of our nation's surface transportation system:

- **Goal 1:** Revenue sources must be clearly identified and dedicated to providing reliable funding for the full costs of construction, operation, maintenance, preservation, and reconstruction of national and regional multimodal surface transportation systems to move people and goods to serve our economy, support healthy communities, and protect our environment
- **Goal 2:** Local government entities should receive federal and state funding support for the full costs these entities incur in providing the local network that gives people and businesses access from their neighborhoods to the regional and national transportation systems.

FINANCING RECOMMENDATIONS

To reach these goals, we offer the following recommendations to Congress for federal legislation:

- Raise the Motor Fuel Tax and Index It
- Explore the Establishment of Vehicle-Mileage Fees
- Expand Access to Innovative Financing Tools
- Utilize a Utility System/Enterprise Funds Model
- Provide Incentives for Local Financing

INVESTMENT PRIORITIES RECOMMENDATIONS

Our organization's priorities for continued federal investment are:

- Protect and preserve existing transportation facilities;
- Improve goods movement;
- Enhance safety for users of the transportation system;
- Provide solutions to urban congestion problems;
- Continue energy independence through multimodalism; and,
- Enhance flexibility in the use of federal funds and increase process streamlining to maximize the efficiency of each dollar spent in the federal funding process.

Federal investment in accordance with these priorities is the key to maintaining the economic health, welfare and safety of our transportation system.

GOALS

APWA recognizes the critical need for increased investment at the national level to build and maintain our nation's transportation network. We have continually spoken in favor of more funding through multi-year federal authorizations for highways and arterial streets in urban areas and major county roads in rural areas, for bridges and for public transportation.

We have supported the use of motor fuel tax revenues for purely transportation purposes, supporting firewalls and guaranteed funding and striving to avoid diversions of these funds to non-transportation programs.

Consistently, we have cited the gap that is growing between transportation needs and motor fuel tax revenues, and we have urged that gas taxes be adjusted upward to close this gap. We believe a funding and financing crisis looms, and that we must act accordingly.

Second, there is an urgent need for more state and federal funds for local transportation system improvements. The need for street and bridge improvements is overwhelming where aging infrastructure is deteriorating and congestion levels are increasing. In addition, the need to make our transportation system safer for all users, motorists, pedestrians and bicyclists is a top priority for local officials.

A continued federal role in the funding of our national, regional and local transportation systems is critical to economic health, safety and welfare of our country.

FINANCING RECOMMENDATIONS

- **Raise the Motor Fuel Tax and Index It**

APWA recommends that the current federal motor fuel tax rate be raised to restore the purchasing power lost to inflation since its last increase in the 1990s, and then index it to automatically adjust on a timely interval using an appropriate index such as the CPI.

- **Vehicle-Mileage Fees**

APWA supports incentives to develop new concepts to offset revenue losses caused by more fuel-efficient vehicles. One such concept is the vehicle-miles driven approach in addition to gas taxes or in lieu of gas taxes. This is a technology-driven application that records vehicle miles driven to allow equitable payment of a fee to the state or federal government, based upon an established rate per vehicle-mile driven. The most efficient approaches are yet to be determined, but these concepts are worthy of review and consideration.

- **Expand Access to Innovative Financing Tools**

APWA recommends further expansion of the use of financing mechanisms such as Public Private Partnerships, tolling, congestion pricing, and "pass through financing." The latter has proven to be quite successful in states such as Texas. Cities and counties are stepping up to design, construct, and fund highway improvements in urban areas using revenue bonds backed by guaranteed revenue streams. The cities and counties in so doing are also guaranteeing their own revenue streams to help ensure low interest rate financing of these specific projects.

- **Utility System/Enterprise Funds Model**

APWA recommends that the federal government look at transportation funding in the same way that cities look at utility systems and enterprise funds. The essence of this approach would be for the federal government to create an independent entity that would be given the authority to oversee an ongoing revenue stream, such as periodic increases in the gasoline tax, tolls or vehicle mileage fees, to fund transportation needs without the requirement for Congressional action, but with Congressional oversight. This would also be similar to the mechanism used to finance local water or sewer systems, storm drainage utilities, or municipal utility districts. A portion of that steady revenue stream could be used to finance bonds for needed improvements or expansions of the assets of the enterprise, while the remainder could

be used to finance investments over time. An example at the federal level is the US Postal Service, in which revenues are proposed on a regular basis based on financing needs, managed by a quasi-independent Board of Directors.

- **Incentives for Local Financing**

APWA supports federal incentives for state and local financing of our transportation system. Many cities in California and Texas are contributing to the financing of local roads and bridges, state highways, interstates and commuter rail and bus transit through voter-approved sales taxes, bond programs, transportation impact fees, stepped up maintenance programs, and dedicated taxes. Others are providing rights of way, matching funds and assisting with the environmental review process.

The leaders of our local governments need to be given incentives to continue such actions on a wider basis. They must know that the new funds generated are used strictly for local purposes, that their projects are given a higher priority than allowed by traditional funding programs, and that their dollars are being leveraged at a higher level as specific projects are funded. With these additional funds, these cities have leveraged their dollars and have sold bonds that are financed by the new revenue streams to improve their local street networks. But in some areas, the state or local restrictions discourage such local transportation financing. In California, for instance, local transportation sales tax measures require a 2/3 vote – a hurdle that is too high for all but the most congested regions. Federal incentives for state and local transportation funding, or disincentives for restrictions on such funding, would go a long ways towards facilitating more local financing of transportation projects.

RECOMMENDED PRIORITIES FOR FEDERAL INVESTMENT

Protection and Preservation

APWA recognizes the preeminent importance of capital reinvestment in transportation infrastructure. Maintaining and improving road and bridge conditions and roadway operations will reduce congestion, improve safety, protect the environment and promote economic development.

Protection and preservation of the existing system, therefore, should be the highest priority of SAFETEA-LU reauthorization.

As noted in the U.S. Department of Transportation's (USDOT) Report to Congress titled, *2006 Status of the Nation's Highways, Bridges, and Transit: Condition and Performance*, the average annual expenditure just to maintain conditions and performance for highways and bridges at 2004 levels would need to increase to \$78.8 billion (in constant 2004 dollars) over the next 20 years– 12.2 percent more than the \$70.3 billion of capital spending by all levels of government in 2004. Average annual investment needed to maintain transit conditions and performance would need to be \$15.8 billion, 25.4 percent more than 2004 capital spending. The report also stated that the annual cost to improve highways and bridges would be \$131.7 billion, 87.4 percent higher than the \$70.3 billion of total capital investment by all levels of government in 2004. The annual cost to improve transit by 2024 is estimated to be \$21.8 billion in constant 2004 dollars, 73 percent higher than transit capital spending of \$12.6 billion in 2004.

In addition to increased investment in roadway maintenance, APWA also supports increased investment for the Highway Bridge Program to address the more than 26 percent of the nation's highway bridges classified deficient. APWA supports increasing the minimum set aside for off-system bridges to aid communities to meet the enormous need for bridge maintenance and repair.

Goods Movement

The successor to SAFETEA-LU should reflect investments to ensure the effective functioning of a National Highway System that supports intercity, interstate and commercial goods movement corridors. Support of goods movement is critical to local, regional and national economic development and job creation.

Both at the level of international trade and household distribution, increases are expected in freight movement. Studies forecast a dramatic increase in US maritime trade, which will lead to more domestic freight movements. The national freight system is multi-modal and the connections between the modes (port-rail, port-highway, highway-rail) must be enhanced to support this coming growth. Strategies should include a focus on additional capacity, safety improvements to minimize intermodal conflicts or delays, efficiency improvements to reduce supply chain costs and environmental impacts, and regulatory changes to deliver projects faster. Freight movement (measured as vehicle miles traveled) is increasing faster than household vehicle miles traveled. As more Internet commerce is conducted, freight and light-duty commercial vehicles trips increase to bring those purchases to the delivery point.

Federal funding needs to reflect this growing need for infrastructure to support the movement of goods throughout and outside of our nation.

Safety

In 2006, the last year for data, there were more than 42,600 highway fatalities, of which more than 25,300 were the result of road departure, more than 9,000 were intersection related and more than 4,900 were pedestrians. APWA believes the federal government must maintain a leadership role in maintaining the highest safety standards.

APWA supports increased investment through a strong core safety program aimed at improving road and bridge conditions and roadway operations on all public roads and publicly-owned bicycle and pedestrian trails and pathways in order to reduce motorist, pedestrian and bicyclist injuries and fatalities. APWA supports requirements for highway safety plans and that they be developed in consultation with local officials. APWA supports requirements that funding decisions and project priorities be data-driven and based on strategic and performance-based goals. APWA also supports improvements in data collection and sharing and increased investment for research.

APWA supports increased funding for the High Risk Rural Road Program. Rural roads, where approximately 25,000 fatalities occur annually, have significant safety improvement needs. The program targets needed investment for construction and operational improvement projects on the nation's high-risk rural roads.

APWA supports increased funding for the Safe Routes to Schools Program to provide additional needed financial assistance to state, local and regional agencies to implement projects to improve safety in the vicinity of schools.

Solutions to Urban Congestion Problems

APWA members have witnessed an increase in the level of congestion in most urban areas in the U.S. over the past ten years, caused primarily by a significant increase in the vehicles on the highways and city streets in urban areas, and by the increasing number of miles driven annually by the average motorist. While vehicle miles traveled is increasing, new or expanded roadways have not kept pace with demands. This trend is continuing without much relief in sight, resulting in increased delay during peak traffic periods, extended peak periods, longer travel times to and from work, and greater risks for collisions while traveling on the roadways in urban areas.

APWA supports federal and state legislation that provides solutions to the growing urban congestion problem. More funds are needed at the national and state level to address urban transportation facility shortfalls. Researchers at the Texas Transportation Institute indicate that:

- Annual delay per peak period (rush hour) traveler has grown from 16 hours to 47 hours since 1982;
- Number of urban areas with more than 20 hours of annual delay per peak traveler has grown from only 5 in 1982 to 51 in 2003;
- Total amount of delay was 3.7 billion hours in 2003; and,

- Over 2.3 billion gallons of fuel were wasted due to engines idling in traffic jams.

APWA members struggle daily to facilitate traffic flow in their communities with limited success. National and state legislation is needed to provide funding for programs that maximize highway and city arterial street construction, and public transportation in urban areas to relieve traffic congestion in urban areas.

Energy Independence through Multimodalism

APWA supports continuation of programs that promote multimodal transportation such as the Congestion Mitigation and Air Quality Improvement Program and the Transportation Enhancements program (provided projects are strictly limited to those that are related to surface transportation). Both of these programs have allowed communities to consider a diversity of projects eligible for federal funding.

Continuing SAFETEA-LU's emphasis on multimodal approaches to transportation programs is critical to improving our energy independence, improving mobility and promoting responsible transportation decision-making. We need to reduce our dependence on foreign oil, as well as the need to reduce the production of greenhouse gases. This mandate places new emphasis on the importance of investing in commuter rail and bus transit. Transit funding in the past has not been on a level playing field with highway and road investments. The time has come to increase our investment in commuter rail and bus transit. The investment in passenger rail, in particular, can have important cross benefits for freight movement via our national rail systems.

Flexibility

To best meet national, state and local transportation needs, APWA urges increased flexibility to use federal funds on a range of transportation alternatives, as well as more flexibility in allowing for contingencies in the planning and funding processes. Without latitude for local flexibility in determining funding sources and amending plans, communities lose the ability to move to the next project in line if an unforeseeable problem develops with a particular project. APWA encourages Congress and USDOT to retain and expand flexibility for state and local governments through value added processes, less prescriptive regulations and more timely coordination between federal agencies that implement federal transportation and environmental legislation.

Streamlining of Regulations

Federal and state oversight must be streamlined to ensure the most efficient use of limited federal, state and local fiscal resources. Legislation is needed to address the problem of project delays and rapidly escalating costs associated with regulatory requirements from the numerous federal regulations and agencies. Specific timelines for project reviews and findings by federal and state regulatory agencies for all transportation improvement projects would dramatically reduce the overall time to move a transportation project through design to construction.

APWA supports Congressional actions to streamline project delivery as well as allow alternative methods of project delivery.

CONCLUSIONS

The American Public Works Association urges Congress and the Administration to preserve and enhance the federal investment in our transportation infrastructure. Building the infrastructure needed to support our economic health, welfare and safety takes several years. Action is needed now before the highway trust fund and transit accounts run short of money and funding gridlock results.

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Issue Brief

Surface Transportation Authorization Act of 2009

Two days after House Transportation and Infrastructure Committee Chairman James Oberstar (D-MN) released legislative language for a \$500 billion, six-year surface transportation authorization bill, the House Highways and Transit Subcommittee June 24, 2009 approved the nearly 800-page draft bill by voice vote without amendments.

Oberstar describes the bill as “transform(ing) federal surface transportation from an amalgamation of prescriptive programs to a performance-based framework for intermodal transportation development.” It is designed to achieve the following objectives: reduce fatalities and injuries; reduce congestion; provide transportation choices; limit adverse effects of transportation on the environment; and promote public health and livability in communities.

Highlights include:

- Provides \$450 billion for highways and transit, including \$337.4 billion for highway programs and \$99.8 billion for public transportation programs;
- Within the \$450 billion investment, the Act provides \$50 billion for Metropolitan Mobility and Access to reduce metropolitan congestion and \$25 billion for Projects of National Significance to enhance U.S. global competitiveness by increasing the focus on goods movement and freight mobility;
- In addition to the \$450 billion investment, the Act provides \$50 billion over six years to develop 11 authorized high-speed rail corridors linking major metropolitan regions in the United States;
- Doubles the investment in highway and motor carrier safety to \$12.6 billion;
- Redefines the Federal role and restructures Federal surface transportation by consolidating or terminating more than 75 programs;
- Consolidates the majority of highway funding in four, core formula categories designed to bring highway and bridge systems to a state of good repair; improve highway safety; develop new and improved capacity; and reduce congestion and greenhouse gas emissions and improve air quality;
- Focuses the majority of transit funding in four core categories to bring urban and rural public transit systems to a state of good repair; provide specific funding to restore transit rail systems; provide mobility and access to transit-dependent individuals; and plan, design, and construct new transit lines and intermodal facilities;

- Directs Federal highway safety investments to specific activities demonstrated to reduce fatalities and injuries on roads;
- Establishes new initiatives to address the crippling congestion in major metropolitan regions, and eliminate bottlenecks in freight transportation;
- Creates a National Transportation Strategic Plan, based on long-range highway, transit, and rail plans developed by States and metropolitan regions, to develop intermodal connectivity of the nation's transportation system and identify projects of national significance;
- Reforms the U.S. Department of Transportation to require intermodal planning and decision-making; ensure that projects are planned and completed in a timely manner; and ensure that DOT programs advance the livability of communities;
- Requires States and local governments to establish transportation plans with specific performance standards; measure their progress annually in meeting these standards; and periodically adjust their plans as necessary to achieve specific objectives;
- Improves the project delivery process by eliminating duplication in documentation and procedures;
- Establishes a new program to finance planning, design, and construction of high-speed rail;
- Creates a National Infrastructure Bank to better leverage limited transportation dollars.

The bill does not include financing provisions laying out how to pay for the investment. These will be drafted by the House Ways and Means Committee and added later. Oberstar intends to have the bill considered by the House Transportation and Infrastructure Committee and the full House in September 2009.

SAFETEA-LU expires September 30, 2009. The Surface Transportation Authorization Act of 2009 and accompanying information are posted on APWA's surface transportation authorization site under Legislation, Bills and Proposals, <http://reinvestintransportation.apwa.net>